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STATEMENT OF THE HONORABLE BETTE B. ANDERSON
UNDER SECRETARY OF THE TREASURY
BEFORE THE SUBCOMMITTEE ON HISTORIC PRESERVATION AND COINAGE
OF THE HOUSE COMMITTEE ON BANKING, FINANCE AND URBAN AFFAIRS

Thank you, Mr. Chairman, for this opportunity to appear before your Subcommittee today in support of legislation the Secretary has recommended for a new dollar coin. We particularly appreciate the promptness with which this hearing has been called following the submission of the proposal, since time is an important element in the Department's recommendation.

The proposal before you, Mr. Chairman, is essentially simple. We are recommending that the current dollar coin, which, because of its size and bulk, has never achieved acceptance by the American public, be replaced by a smaller, lighter dollar coin. The objective of our proposal is basically twofold -- to provide for a useful denomination in our coinage system and, at the same time, to effect savings for our Government and the economy as a whole.

By way of a brief background, the current cupro-nickel clad dollar was first authorized by the Congress in the Act of

December 31, 1970, as a replacement for the standard silver dollar. In that Act, the Congress repealed the Department's statutory authority to mint and issue the standard 90% silver dollar and authorized in its stead a base metal dollar coin having essentially the same size. Thus, the current dollar has a diameter of 1.5 inches and weighs nearly 23 grams.

Since 1971, when the Mint first started to issue the clad dollar coin, it has not succeeded in becoming a useful part of our coinage system. Because of the lack of public demand, the dollar coin has represented less than one percent of the Mint's annual production each year. Indeed, even this minimal demand for the dollar can be attributed, to a great extent, to its usage in gaming machines rather than to its useability as a medium of exchange. According to our studies, the lack of public interest in the current dollar coin is directly attributable to its cumbersome size and weight. It cannot readily be carried by our citizens in their purses and pockets. In addition, the large size of the coin has made it impracticable for the automated merchandising industry to adjust their equipment to accept the large dollar coin.

The smaller coin we are now proposing would be sized between the quarter and half-dollar with a diameter of approximately one inch and a weight of approximately 8 grams. We hope that such a smaller, more conveniently sized coin would be far more acceptable to the general public and would ultimately gain widespread usage.

If the proposed dollar is accepted by the general public, it could result in considerable savings both for our Government and the economy as a whole. Since the coin would last at least 15 years in circulation, compared to 18 months for a one-dollar note, each coin would save over 80% of the production costs of the notes displaced. With nearly 3 billion one-dollar Federal notes in circulation today, even a modest displacement by the dollar coin could result in savings of millions of dollars in production costs. Moreover, according to our estimates, even a 20% displacement of notes by the coins would permit Treasury to defer a costly facility expansion at the Bureau of Engraving and Printing for the foreseeable future.

To the extent that the new coin circulates at least as widely as the current clad dollar, there would be immediate savings for the Government. The cost of producing the proposed dollar would be 3 cents a coin as compared to the current production cost of 8 cents per dollar coin. Thus, even if the Mint were to issue no greater quantity of the new dollars than the large dollar coins it has produced annually since 1971, the Government would still save approximately \$4.5 million a year.

To comment briefly on the design of the new dollar, the Department has selected a modernized version of the classic Liberty design for the coin. At the same time, to honor and commemorate President Eisenhower, whose image now appears on the dollar coin, the Department would continue to be authorized to mint 40% silver

clad Eisenhower dollar coins in the current 1.5 inch diameter size. These silver clad dollar coins would not be part of our circulating coinage but would only be available to collectors and the general public in proof and uncirculated quality.

This, Mr. Chairman, completes my general comments on the dollar proposal. The Director of the Mint, Mrs. Stella B. Hackel, will describe some of the more technical aspects of the proposal for the Subcommittee.

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